

Message Text

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ORIGIN EA-14

INFO OCT-01 ISO-00 COME-00 CIAE-00 DODE-00 PM-07 H-03

INR-11 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

SS-20 USIA-15 NSCE-00 SAJ-01 NIC-01 SAM-01 OMB-01

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FM SECSTATE WASHDC

TO USLO PEKING

INFO AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: BTRA, ETRD, CH, US

SUBJECT: AMERICAN IMPORTERS ASSOCIATION VISIT TO PEKING

REF: (A) PEKING 1596; (B) STATE 198752

1. COMMERCE AND STATE OFFICERS MET WITH AIA'S SIMON KATZ, GERALD O'BRIEN, AND CHARLES I. ROSTOV ON SEPTEMBER 19 TO DISCUSS FORTHCOMING TRIP TO PEKING, WHICH IS NOW PUBLIC KNOWLEDGE. AIA OFFICIALS WERE SOMEWHAT AT A LOSS TO UNDERSTAND WHY CCPIT HAD EXTENDED INVITATION AT THIS TIME, AND SOUGHT USG VIEWS ON SUBJECTS THAT MIGHT BE DISCUSSED. SOME OF THE POSSIBILITIES WHICH EMERGED FROM OUR CONVERSATION WERE: (A) EXCHANGE OF MARKET INFORMATION. AIA GROUP WANTS TO SOLICIT PRC VIEWS ON WHAT THEY HOPE TO SELL HERE, AND OBTAIN CATALOGUES, ETC. WE URGED AIA TO PROVIDE CCPIT WITH INFORMATION ON TYPES OF PRODUCTS WITH GOOD POTENTIAL IN US THAT PRC COULD EXPORT, AND PERHAPS WORK UP A DETAILED MARKET PROFILE ON ONE OR TWO

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PRODUCTS. AIA MAY QUERY SOME OF ITS MEMBER FIRMS FOR

IDEAS. (B) PROVIDE CCPIT WITH INFORMATION ON U.S. MARKETING AND DISTRIBUTION STRUCTURE. (C) DISCUSS PROBLEMS WHICH U.S. IMPORTERS IN PRC TRADE FACE. AIA HOPES TO COVER WHOLE GAMUT OF PROBLEMS, INCLUDING PACKAGING, LABELING, MEETING USG REGULATIONS, AND CONTRACT

LANGUAGE. ON FIRST THREE POINTS, AIA WILL URGE THAT FTC'S PLACE MORE CONFIDENCE IN U.S. IMPORTERS WHO SHOULD BE THOROUGHLY FAMILIAR WITH THE REQUIREMENTS AND WHO ULTIMATELY MUST SELL THE MERCHANDISE. ON THE LATTER POINT, WE SUGGESTED, INTER ALIA, THAT AIA URGE THAT RMB/DOLLAR RATES BE SPECIFIED IN CONTRACTS OR THAT SOME OTHER MEANS BE FOUND SO THAT US IMPORTER DOES NOT HAVE TO BEAR FULL RISK OF EXCHANGE RATE FLUCTUATION. WE HAVE HEARD, FOR EXAMPLE, THAT THERE MAY BE WAYS OF BUYING RMB FORWARD FOR DOLLARS IN THE US USING THIRD-COUNTRY BANKS, AND WE SUGGESTED THAT AIA EXPLORE THIS AND OTHER POSSIBILITIES WITH CCPIT. IN THE "PROBLES" AREA WE TOLD AIA THAT CCPIT MIGHT RAISE QUESTIONS ABOUT SOME US IMPORTERS WHO HAVE SIGNED CONTRACTS WITH FTC'S AND SUBSEQUENTLY, FOR ONE REASON OR ANOTHER, FAILED TO OPEN L/C'S; AIA GROUP SHOULD BE PREPARED TO ADDRESS THIS ISSUE. (D) FINALLY, AIA IS MOST ANXIOUS TO HOST A VISIT OF FTC WORKING LEVEL TYPES TO THIS COUNTRY SO THEY CAN SEE FOR THEMSELVES HOW THE US MARKET OPERATES. AIA PLANS TO STRESS THAT THIS IS AN IMPORTANT NEXT STEP IN EXPANDING PRC SALES TO THE US.

2. OUR OVERALL IMPRESSION WAS THAT AIA GROUP HAS MORE HOMEWORK TO DO IN PREPARATION FOR THEIR TRIP. AS POSTS ARE AWARE, THOUGH, ALL THREE ARE EXPERIENCED TRADERS WITH EXPERT KNOWLEDGE OF US MARKET IN THEIR FIELDS. STATE AND COMMERCE OFFICERS NOTED THAT PRC INVITATION TO A TRADE DELEGATION SUCH AS AIA'S, WHICH A NUMBER OF OTHER US BUSINESS GROUPS HAVE SOUGHT BUT NOT YET OBTAINED, IS A DEFINITE INDICATION THAT CCPIT IS SERIOUS ABOUT DOING BUSINESS WITH THEM. WE URGED AIA OFFICERS TO PREPARE A WELL-ORGANIZED PRESENTATION AND TO INCLUDE SPECIFICS WHENEVER POSSIBLE.

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3. AIA REPRESENTATIVES SAY THEY ARE BOOKED TO ARRIVE IN PEKING AFTERNOON OF OCTOBER 6 RPT 6 VIA JAP FLT 785 FOR A VISIT IN PEKING OF ABOUT SEVEN TO TEN DAYS. (WE LATER CHECKED WITH JAL WHO TOLD US THIS WAS A SPECIAL INAUGURAL FLIGHT FOR WHICH THEY ARE NOT ACCEPTING RESERVATIONS.) RE REFTEL A PARA 3, THEY ARE ANXIOUS TO MEET WITH USLO ECON/COMMERCIAL OFFICERS PRIOR TO SEEING CCPIT. IF THEY ARRIVE SUNDAY THEY HOPE IT WOULD BE CONVENIENT TO ARRANGE

A BRIEFING DURING LATE AFTERNOON OR EVENING. THEY WILL
CONTACT HOROWITZ ON ARRIVAL.

4. CONCUR WITH USLO'S COMMENT (REFTEL A, PARA 3) THAT
THIS VISIT IS NOT AT ALL COMPARABLE TO NCUSCT DELEGATION

VISIT LAST FALL. YOU SHOULD BE AWARE THAT, DESPITE NAME,
AIA IS NOT TOTALLY REPRESENTATIVE OF AMERICAN IMPORTING
SPECTRUM; ITS MEMBERS COMPRISE ONLY A SMALL PROPORTION OF
US IMPORTERS.
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